

April 15, 1999

L. Wayne Harper
Clerk of the Circuit Court
County of Rockingham

Board of Supervisors
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period July 1, 1996 through March 31, 1998. We conducted our audit in accordance with generally accepted auditing standards.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Issue Manual Receipts

The Clerk does not issue manual receipts for collections, when the registers are shut down. It is the Clerk's policy to close the cash registers one-half hour before the Court officially closes. During this time, cashiers accept payments but do not give the payor a receipt unless they request one. The cashiers receipt the payments in the automated system the next day.

The Financial Management System User's Guide instructs Clerks to issue manual receipts for all collections whenever they do not use the automated registers. The Clerk's failure to issue manual receipts places the Court at unnecessary risk of loss of funds.

Monitor Partial Payment Accounts

The Clerk does not monitor partial payment accounts. The court's accounting system generates a daily report listing partial payment accounts that have not complied with the terms of the payment agreement. As of October 2, 1998, the Clerk had over two hundred past due accounts on the daily report. Because the Clerk does not use the automated capabilities of the Financial Management System (FMS), the Clerk relies on

this report to initiate collection efforts and license suspension. Failure of the Clerk to either use manual or automated procedures delays collection efforts on these overdue accounts and submission to the Department of Motor Vehicles for license suspension.

The Financial Management System has the capability to monitor these accounts by automatically notifying the Department of Motor Vehicles when individuals miss payments, and listing accounts for turnover to the Commonwealth's Attorney and the collection agent. The Clerk should request the Supreme Court to provide the FMS capabilities to identify accounts for collection referral and license suspension. In addition, the Clerk should review the October 1998 report to determine the status of these accounts and determine whether they should be reported to the Department of Motor Vehicles for license suspension or to the Commonwealth's Attorney and the private collection agent for collection.

Investigate and Pay Liability Balances

The Clerk does not investigate and disburse depository bonds as evidenced by \$22,955 in criminal bonds held by the Clerk, some dating back to 1990. The Clerk should promptly investigate and disburse bonds promptly in all ended cases. In addition, the Clerk should annually review all depository bonds as to the status of the case. The Clerk should immediately disburse or remit to the State Treasurer as unclaimed property all bonds in ended cases.

Improve Management of Court Funds

The Clerk does not record properly or promptly all information in the Financial Management System or reconcile to the bank's records for trust funds. The Clerk should request the assistance of the Supreme Court to set up all trust fund accounts on FMS and eliminate separate manual ledgers. The Clerk should also request training on how to use FMS to manage his trust fund accounts and how to reconcile differences between FMS records and the bank records.

Review Updates and Modifications

The Clerk does not review the daily updates and modifications to individual accounts report. Not reviewing account changes increases the possibility that errors could occur in posting account changes such as due dates. Undetected errors could delay when the court initiates collection activity. The Clerk should consistently review these reports to ensure accurate account balances and prompt collection activity.

We discussed these comments with the Clerk on March 19, 1999, and we acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Porter R. Graves Jr.
William O'Brien, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia